STAKEHOLDER ANNOUNCEMENT

USDA Expands Access to Capital for Very Small Rural Businesses

WASHINGTON, May 14, 2021 – The U.S. Department of Agriculture (USDA) today announced that it has implemented a series of actions to make it easier for very small rural businesses to get access to capital.

The Department published a final rule outlining changes to the Rural Microentrepreneur Assistance Program (RMAP). The program provides loans and grants to microenterprise development organizations to help them establish revolving loan programs to assist microenterprises, businesses with 10 or fewer full-time employees. It also provides annual funding to development organizations to conduct training and provide technical assistance to microloan borrowers.

USDA made the improvements to implement changes required in the 2018 Farm Bill and to make the program more effective, more user-friendly and more consistent with other USDA business programs. Among other things, these improvements:

• Allow microlenders to receive their initial technical assistance grant in an amount up to 25 percent of their new loan amount. The maximum loan amount remains at $500,000. The previous grant limit was 25 percent of the first $400,000 plus 5 percent of the amount over $400,000.

• Allow a microlender’s technical assistance funds to be replenished annually to a minimum of 20 percent of its outstanding loans to small businesses, not to exceed 25 percent of its loan balance, subject to the availability of appropriated funds. The maximum percentage is not changed. Previously, there was no minimum percentage of grant funds to a microlender.

• Give microlenders the discretion to request loan funds more often than quarterly to meet the microlender’s loan demand.

• Change the definitions of “close relative”, “Indian tribe” and “rural or rural area” to match the definitions in other USDA Rural Development programs.

• Increase program eligibility by reducing the minimum application priority score to be eligible for program funding.

• Add clarifying language emphasizing that the total outstanding loan balance from a lender to any one microborrower may not exceed $50,000.

The changes take effect May 14, 2021. For additional information, see page 26348 of the May 14, 2021 Federal Register. Program applications are accepted on a continuous basis in Rural Development State Offices which can be found at: https://rd.usda.gov/about-rd/state-offices

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